

Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

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BOARD OF SELECTMEN

Parks and Recreation Special Revenue Fund Analysis Work Group

Wednesday, September 30, 2020

4:30PM

SPECIAL MEETING AGENDA

Call to Order

- 1) Public Audience
- 2) Minutes of September 21, 2020
- 3) Parks and Recreation Special Revenue Fund Analysis – Discussion and Review of Staff Recommendations
- 4) Next Steps

Adjourn



Town of Simsbury

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SIMSBURY, CONNECTICUT 06070

Board of Selectmen
Parks and Recreation Special Revenue Fund Analysis Work Group
Monday, September 21, 2020
4:30 p.m.

SPECIAL MEETING MINUTES – Draft

Members Present: Sean Askham, Chris Peterson, Linda Schofield, Art House, Dave Bush, Gerry Wetjen

Staff Present: Maria Capriola, Town Manager; Melissa Appleby, Deputy Town Manager; Amy Meriwether, Finance Director; Tom Tyburski, Director of Culture, Parks and Recreation

The meeting was called to order at 4:30pm.

1) Public Audience

None

2) Parks and Recreation Special Revenue Fund Analysis – Discussion and Review of Staff Recommendations

Mr. Askham stated that this work group has been convened to discuss the structural deficit in the parks and recreation special revenue fund and how we should deal with it moving forward. Ms. Capriola commended staff for their work on the analysis, which highlights the systemic causes of the deficit. Ms. Capriola reviewed the staff recommendations, one of which is in regards to how parks and recreation expenses are accounted for. The report included three options: account for all expenses in the general fund; account for all expenses in the special revenue fund; or account for all expenses in the general fund except for the golf course.

Mr. Askham said that because the activities included in the fund are unpredictable, there is a timing issue. Most of the time, there is a true-up that occurs in which the taxpayers need to contribute to the fund at some point. Mr. Wetjen said that taxpayers will end up contributing up front through the budget process, or on the back end at the end of the year. He said that this is a transparency issue. He said he believes the golf course can be looked at as a business, but the rest of the operation should not. Discussion ensued regarding the history of the fund, including how specific expenses were added to it over time.

Mr. Peterson asked how other towns approach this issue. Ms. Capriola explained how “community use” expenses are being subsidized by the fund. She pointed to the benchmarking data that was presented in the report regarding how other towns account for community use expenses. She said that user fees are picking up things that it shouldn’t be, and that one of the questions at hand is how much the general fund should cover for staff salaries, benefits, facility costs, and utilities. Mr. Tyburski said that most of our peer towns have the general fund covering these costs.

Ms. Schofield said that having the taxpayers contribute up front results in an impact to the mill rate, whereas the true-up on the back end does not impact the mill rate. She framed the issue at end as two problems: Are we going to raise taxes to support the fund, and what expenses belong in the fund.

Mr. Tyburski noted that the concept of cost recovery is good, but that the activities currently in the fund also need to be supported as a public service. He pointed to Library programming as an example of activity that the taxpayers support and which is not expected to cover its own costs.

Mr. Bush said that the philosophical question for consideration is whether parks and recreation is a public service or a revenue generator. He said that the golf course should stand alone as a revenue generator. Mr. Askham noted that if all expenses are moved to the general fund, they will be put in with police, public works, and other items in terms of prioritization.

Mr. Bush said that all expenses should be in the general fund, with the exception of the golf course; Mr. Askham concurred. Ms. Schofield said she is not comfortable with that. She said that the pool, rink, and camps should cover their own operating expenses. Mr. Peterson expressed his concern that if the golf course stands on its own, we may be put in a position where we are defending its existence. Mr. Wetjen said that the golf course does not lose money, despite the years when it operated at a loss due to the weather.

Mr. Askham said that due to the variability of the activity in the fund, we will never solve the problem if everything remains in the special revenue fund. He said he believes the two best options are to have everything in the general fund, or everything in the general fund with the exception of the golf course.

3) Update on Parks and Open Space Master Plan

Mr. Askham made a motion to table agenda item #3. Mr. Bush seconded the motion. All were in favor and the motion passed unanimously.

4) Next Steps

Mr. Askham said that the group should philosophically decide what direction to go in as it pertains to accounting prior to moving forward on any other recommendations. He proposed that the members of the work group spend some time considering the options prior to the next meeting. There was consensus around this approach.

Adjourn

Mr. Peterson made a motion to adjourn the meeting at 5:50pm. Mr. Bush seconded the motion. All were in favor and the motion passed unanimously.

Respectfully Submitted,
Melissa Appleby
Deputy Town Manager



Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

MEMORANDUM

To: Board of Selectmen
From: Maria Capriola, Town Manager; Melissa Appleby, Deputy Town Manager; Amy Meriwether, Finance Director; Tom Tyburski, Director of Culture, Parks & Recreation
Date: January 10, 2020
Subject: Parks and Recreation Special Revenue Fund Analysis

Background

Established in 1998, the Parks and Recreation (formerly Simsbury Farms) Special Revenue Fund (the “Fund”) includes funding for the Simsbury Farms Recreational Complex and all other recreational programs administered by the Culture, Parks and Recreation Department. The remainder of the Culture, Parks, and Recreation Department, including parks maintenance and a portion of administrative costs, are included in the Town’s operating budget (general fund).

In seven of the last eleven fiscal years, the Fund has ended the year in a deficit. In nine of those eleven years, operating transfers were budgeted from the general fund to support the Fund. In four of those years, additional appropriations above and beyond the budgeted amounts were made from the general fund. During that time period, total contributions from the general fund totaled \$1.9 million. At its goal-setting session on September 29, 2018, the Board of Selectmen identified a need to conduct an analysis of the Fund to better understand the challenges and identify measures to improve the sustainability of the Fund.

This memorandum provides an outline of the key financial issues related to the Fund and recommendations for addressing those issues.

Key Issues

Declining Revenue

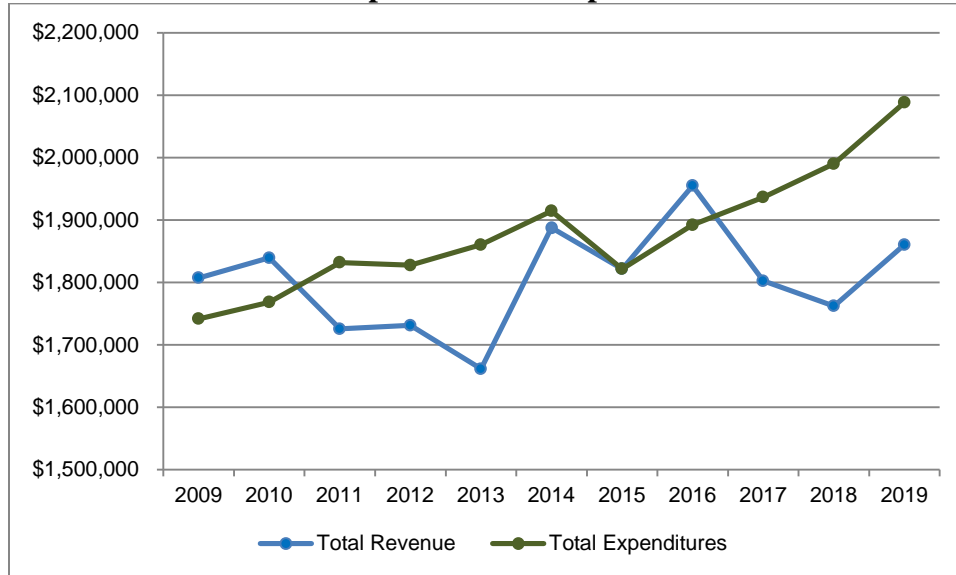
In seven of the last eleven fiscal years, the Fund has ended the year in a deficit position. There were significant deficits in the last three fiscal years: in 2017, the deficit was \$134,109, in 2018 it was \$227,891, and in 2019 it was \$228,038.¹

Prior to FY19, revenue received in one fiscal year for activities that occurred in the following fiscal year was accounted for in the year it was received. Beginning with FY19, we are now tracking this “deferred revenue” in the year that the revenue applies to. For example, if fees are collected in June for a program occurring in July (after the new fiscal year begins), the revenue is

¹ In FY19, the actual general ledger loss was \$475,292, which reflects the reduction of the deferred revenue.

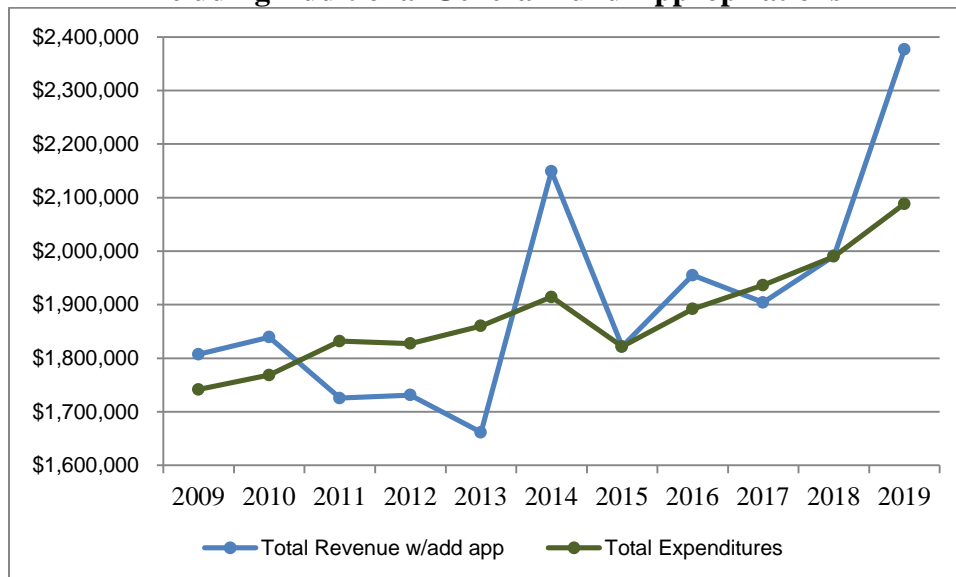
being accounted for in July. In order to compare accurately to prior years, the FY19 data in this report includes all revenue received in that year.

Revenues and Expenditures Comparison: 2009-2019



These deficits have occurred even with support from the general fund. In the last eleven years, a total of \$742,306 in revenue was budgeted as operating transfers from the general fund. Additional appropriations in the amount of \$841,828 were made from the general fund in four of the last eleven years.

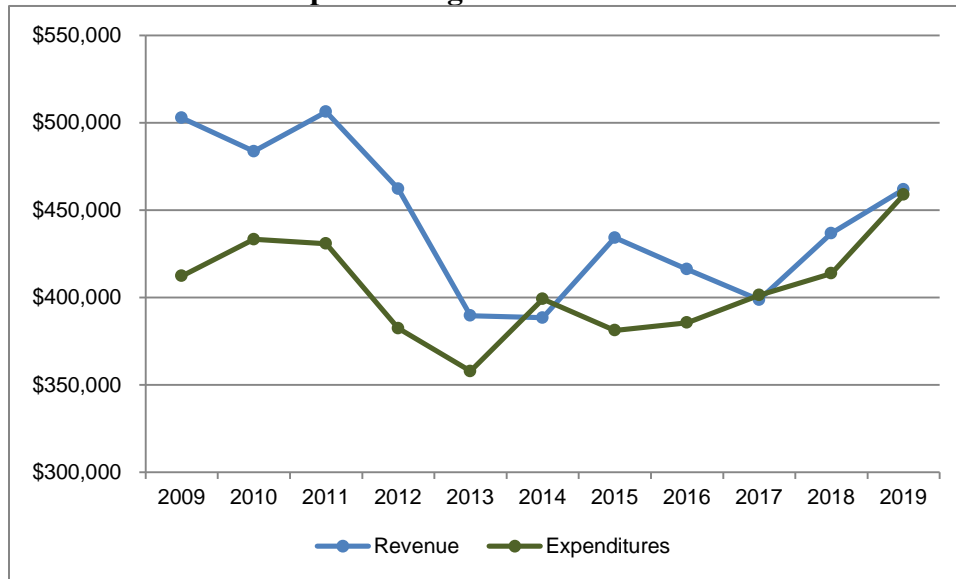
**Revenues and Expenditures Comparison: 2009-2019
Including Additional General Fund Appropriations**



There are four primary categories of revenue within the Fund: Special Programs, Simsbury Farms, Golf Course, and Operating Transfers. As described below, the largest decrease in revenue over the last eleven years was in Special Programs, with a slight decrease in Golf Course revenues. Revenues from Simsbury Farms and Operating Transfers experienced an overall increase.

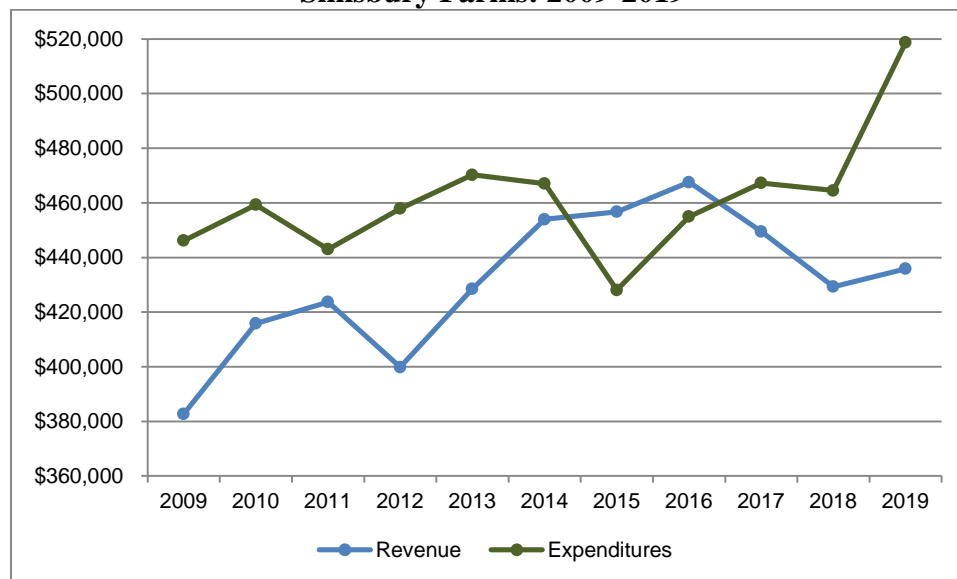
Special Programs – Includes revenue received from fees charged to participate in recreational programming. The total decrease in revenue over the last eleven years was 8.14 percent, while the total increase in expenditures was 11.29 percent.

Special Programs: 2009-2019

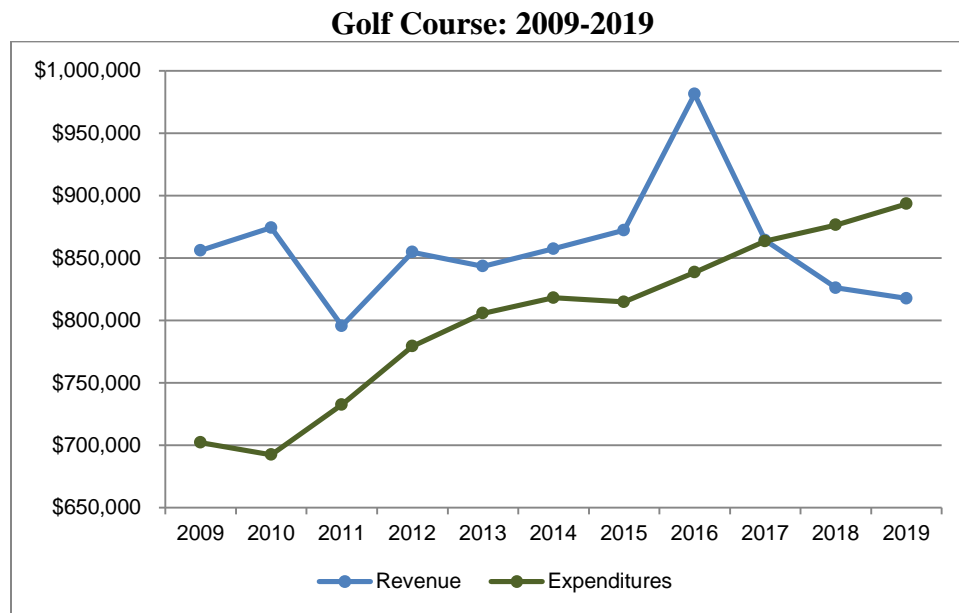


Simsbury Farms – Includes the fees charged at the pools, skating rink, and apple barn rental. The total increase in revenue over the last eleven years was 25.62 percent, while the total increase in expenditures was 16.26 percent.

Simsbury Farms: 2009-2019

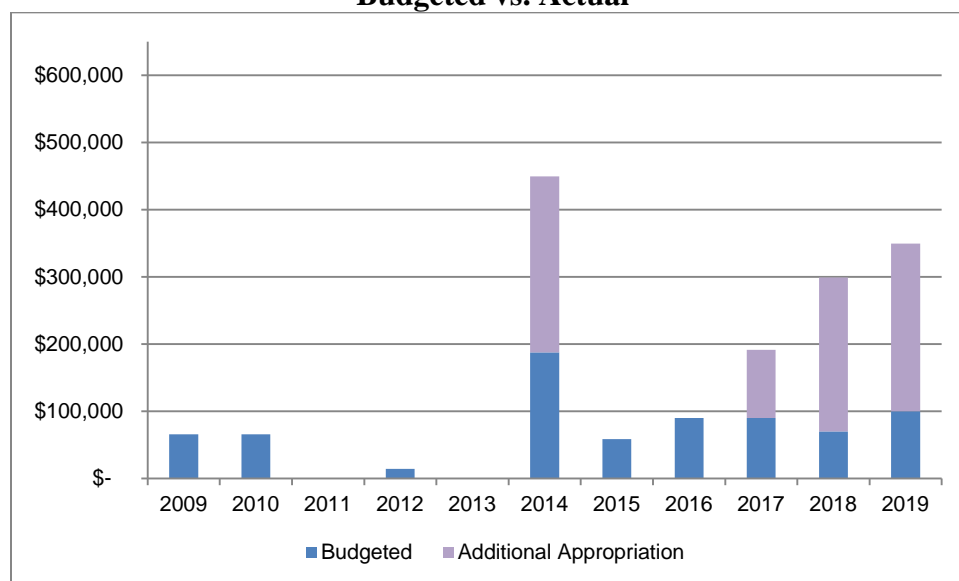


Golf Course – Includes all golf course fees. The total decrease in revenue over the last eleven years was 4.5 percent, while the total increase in expenditures was 27.22 percent.



Operating Transfers – As noted above, this is the support received from the general fund. The total increase in budgeted revenue over the last eleven years was 52.29 percent. From 2009 to 2014, the operating deficit built up, and in 2014, total operating transfers were \$449,544 (budgeted amount of \$187,924 plus an additional appropriation of \$261,620). Actual revenue, including the additional appropriations made in four fiscal years, increased 432.11 percent over the last eleven years.

**Operating Transfers (General Fund Contribution): 2009-2019
Budgeted vs. Actual**

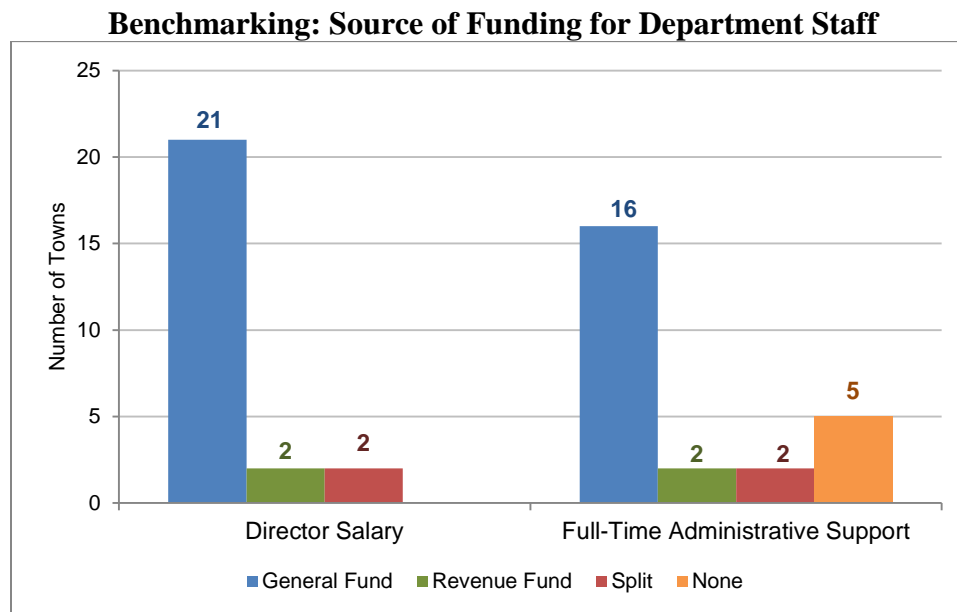


Fund Subsidizes Community Use

Because the Fund includes the Simsbury Farms Recreation Complex and all programs administered by the Department, it necessarily includes some operational expenses that are not directly supported by program fees. Those include, but are not limited to, salaries for administrative positions, utilities, and other operational expenses for the facilities.

A survey of special revenue funds in other municipalities throughout the state revealed that it is common for many of these expenses to be accounted for in the general fund.² Of the 25 survey respondents, the majority of towns account for administrative salaries, employee benefits and utilities/facility costs in the general fund.

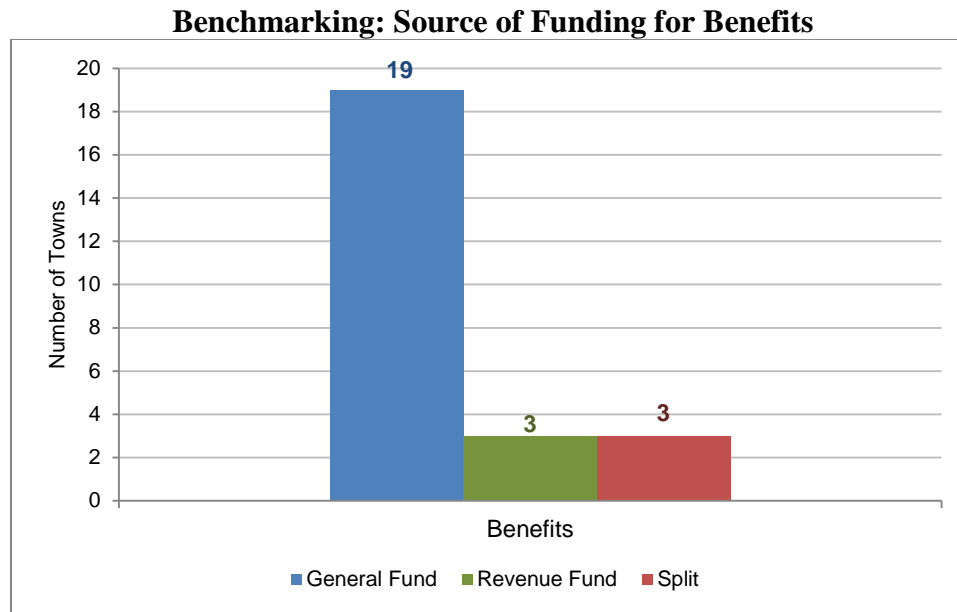
Staffing – The Fund currently covers 70 percent of the salaries for the Director of Culture, Parks and Recreation and the Administrative Secretary; the remaining 30 percent is funded through the general fund budget. The Recreation Supervisor position, all recreation seasonal employees, and all golf employees are also covered by the Fund³. Only two other towns split the cost of the Director’s salary between the general fund and the special revenue fund; the remaining towns fund this salary entirely through the general fund.



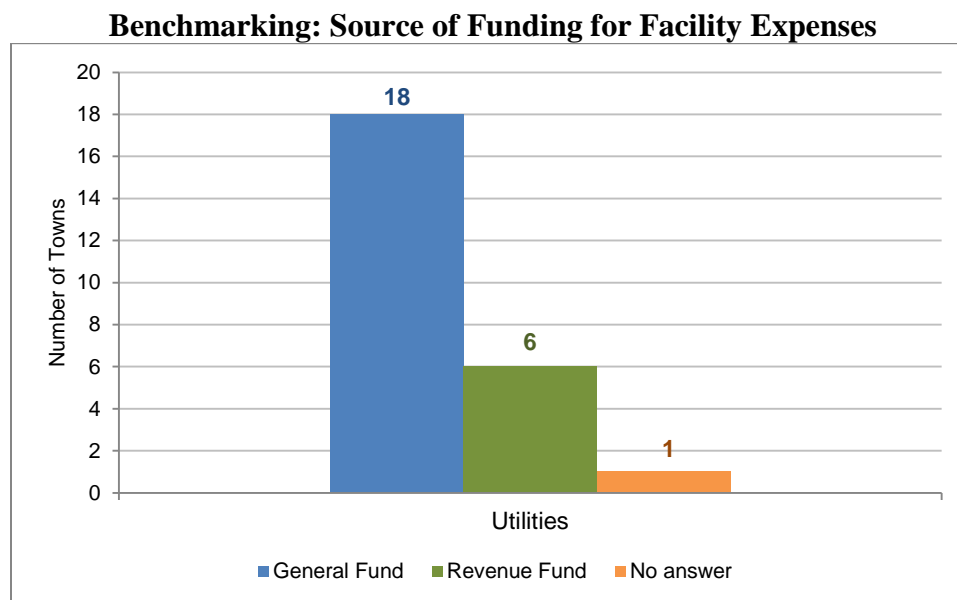
² Survey participants were asked a series of questions related to their respective special revenue funds. Responding municipalities have populations ranging from 7,000 to 63,268. Full survey results are included in this report as Appendix A.

³ Until July 1, 2019, the Fund included two Recreation Supervisor positions. One of these positions was eliminated during the FY20 budget cycle.

Benefits – For all employees whose salaries are under the Fund, the Fund also covers all medical benefits associated with those positions. Nineteen of the 25 survey respondents reported that the general fund covers the medical benefits for those positions covered by the special revenue fund.



Facility Expenses – All utilities and other operational expenses at the Simsbury Farms Recreation Complex are also supported by the Fund. Eighteen of the 25 survey respondents reported that the general fund covers the utility costs for their operations.



Increasing Fixed Costs

Regardless of how the parks, recreation, and golf course expenses are accounted for, there are two additional cost drivers that will have a significant impact on the budget moving forward. Pension costs will increase substantially due to updated mortality tables taking effect and a decision at the local level to decrease the interest rate assumption for the pension plan. Based on

prior valuations, the projected impact on the Fund for FY21 is approximately \$39,895. This takes into account updated asset performance, the updated mortality tables and a decrease in the interest rate assumption from 6.75% to 6.50%. The Town's actuary is currently completing the new valuation, which will provide more specificity regarding the cost impact on a departmental level.

In addition, the budget and program fees will be heavily impacted by the statutory increases to the minimum wage, as the Department employs a large number of seasonal workers throughout the year such as day camp staff, lifeguards, and ice rink guards. The impact of the minimum wage increases over a three-year period is projected to be approximately \$225,000.

Recommendations

1) Accounting for Expenses

Currently, expenses are split between the special revenue fund and the general fund. Staff recommends that one of the following three accounting methods be adopted moving forward:

- All expenses to be accounted for in the general fund
- All expenses to be accounted for in the special revenue fund
- All expenses to be accounted for in the general fund, with the exception of the golf course.

2) Funding for Community Use Items

Because the administrative staff supports the work of the entire department, the salaries and benefits associated with those positions are more appropriately accounted for in the general fund. Similarly, the facilities at the Simsbury Farms Recreation Complex are public buildings; they are open to the entire community, and the operational expenses are not tied only to fee-based programs.

The cost recovery for the Culture, Park Recreation Department programming should be based on advertising, instruction, materials/programming supplies, transportation, and related items. In addition, it is recommended that the Town begin recognizing the aquatic and ice rink facility as a public service (like other parks and public amenities where we do not charge an entrance fee), not a net revenue source to the fund. The cost recovery for this facility should include items such as the cost of lifeguards, skateguards, program and training materials, and advertising. As the state's minimum wage increases it will not be feasible to operate this facility at break even if the utilities/maintenance and administrative costs are not covered in the general fund. The Culture, Parks and Recreation Commission has expressed support for this concept.

Below are some options for sharing a portion of the community use expenditures with the general fund:

1. Choose from one or more of the below community use expenditures to be paid for by or moved to the general fund:
 - a. 70% of the salaries and benefits of the Director of Culture, Parks and Recreation and Administrative Secretary – estimated at \$166,000;
 - b. 100% of the salary and benefits for the Recreation Supervisor – estimated at \$124,000;
 - c. Simsbury Farms utility and facility costs – estimated at \$167,500.

2. Increase the general fund contribution to the Fund to equal 20-30% of the total Parks and Recreation Special Revenue Fund budget.⁴

3) Golf Course Management

Both the restaurant and the golf pro contracts are due to expire in the next year. To be in compliance with our purchasing policy, RFQs for both services will need to be conducted in 2020. While not recommended by staff, another alternative would be to issue a RFQ for full contracted services of the golf course, including management and maintenance. This would be a significant shift from existing practice and may negatively impact customer service, customer satisfaction, and quality of maintenance.

4) Reconvene the Parks and Recreation Special Revenue Fund Work Group

This work group, comprised of two member of the Board of Selectmen, two members of the Board of Finance, and two members of Culture, Parks and Recreation, should be reconvened to review these recommendations.

⁴ Amount to be determined through additional policy discussions and analysis.

APPENDIX A - SURVEY OF TOWNS WITH REVENUE FUNDS

| Town | Population | Positions in Revenue Fund | Positions in General Fund | Benefits Fund: Revenue or General | Utility Costs Fund: Revenue or General |
|---------------|------------|--|--|---|--|
| Avon | 18,000 | Part-time administrative clerk; 7 aquatics staff; 1 certified lifeguard trainer; 4 part-time program staff; 2 facility attendants | Director; administrative coordinator; senior center coordinator and clerk; 11 camp staff; 7 program supervisors; 1 seasonal office assistant; 17 lifeguards; 2 gate attendants; 8 WSI's; 1 facility attendant | General (sick time in Revenue) | General |
| Berlin | 21,000 | All program instructors/supervisors | All full-time positions; part-time positions for special events; community center supervisors; summer camp staff; winter basketball staff; office help; aquatics staff; winter basketball and volleyball staff | General (Social Security and WC in Revenue) | General |
| Bloomfield | 20,000 | All adult program instructors; some part-time staff | All full-time staff; 40% of after school program staff; half of summer camp staff, pool staff, and night building supervisors. | General | General |
| Bristol | 60,000 | Program instructors run out of revenue fund, including yoga, teen adventure camp, little explorers camp, and other programs | All full-time staff; part-time and seasonal staff for the pools, some recreation programs, and main camp | General | General |
| Canton | 10,000 | Part-time recreation coordinator; 16% of director salary; 30% of recreation supervisor salary; all camp counselor and swim instructors | 84% of director's salary; 70% of recreation supervisor salary; all lifeguards and pool staff (except WSI) | Revenue | Revenue |
| Cheshire | 30,000 | Seasonal employees only | Director; recreation supervisors; parks maintainers; administrative assistant; aquatics staff | General | |
| Colchester | 16,500 | Recreation specialist | Director; recreation supervisor | Revenue | General |
| Darien | 21,887 | None | All staff except contracted instructors | General | General |
| East Hartford | 50,319 | None, with the exception of select seasonal | Director; assistant director; recreation supervisors; full-time office administrator; part-time office administrator | General | General |
| Easton | 7,000 | Program staff | Director; programmer; maintenance staff; after school director; department secretary | General | General |
| Enfield | 44,585 | All seasonals except lifeguards | Recreation Manager, FT Secretary, PT Program Coordinator, Deputy Director of Recreation Services | General | General |

APPENDIX A - SURVEY OF TOWNS WITH REVENUE FUNDS

| Town | Population | Positions in Revenue Fund | Positions in General Fund | Benefits Fund: Revenue or General | Utility Costs Fund: Revenue or General |
|---------------------|------------|---|--|---|--|
| Fairfield | 60,000 | Approximately 200 seasonal positions | Director; assistant director; account clerk; secretary; recreation coordinators; golf superintendent; assistant greens keeper; 2 foremen; mechanic | General | General |
| Farmington | 25,572 | All seasonal part-time program staff; full-time recreation program assistant; 50% of recreation supervisor salary | 50% of recreation supervisor salary | Revenue | General |
| Glastonbury | 34,500 | All part-time recreation staff, excluding pool operations and teen center; one part-time office staff | All full-time recreation and parks staff; lifeguard for open swim only; teen center | General | General |
| Granby | 11,300 | 1 full-time program supervisor and all part-time and seasonal positions | Director's salary | General | General |
| Haddam-Killingworth | 13,000 | None | Director; recreation supervisor; director of childcare; administrative assistant; all seasonal and part-time employees | General | General |
| Portland | 9,000 | All part-time | All full-time staff | Split | Revenue |
| Rocky Hill | 20,000 | All part-time instructors and seasonal staff | All full-time parks and recreation staff; office staff; and seasonal park department staff | General | General |
| Simsbury | 24,400 | Recreation supervisors; golf maintainece staff; 70% of director and administrative secretary salaries; all part time golf and recreation seasonal employees | 30% of salary for director and administrative secretary salaries; full-time parrks maintenance taff; parks seasonals | Revenue | Revenue |
| South Windsor | 26,000 | Seasonal; part-time; full-time customer service rep; full-time administrative operations manager; 10% of the remaining 7 full-time employees | Director; assistant director; parks superintendent; maintainers; recreation supervisor; administrative secretary | General | Revenue |
| Southington | 43,500 | All instructors and seasonal employees | Director; secretary; pool staff; summer youth theater staff; summer concert staff | General | General |
| Tolland | 15,000 | Full time administrative assistant; all recreational part time staff | Director | General | Revenue |
| Torrington | 34,500 | Sub-contractors only | Superintendent of parks and rec; secretary; part-time office assistants; teen center staff; building attendants; summer playground staff; pool staff; parks foreman; parks maintainers | General | General |

APPENDIX A - SURVEY OF TOWNS WITH REVENUE FUNDS

| Town | Population | Positions in Revenue Fund | Positions in General Fund | Benefits Fund: Revenue or General | Utility Costs Fund: Revenue or General |
|---------------|------------|--|--|---|--|
| Wallingford | 46,000 | Program instructors; event staff; part-time fitness supervisor; part-time recreation program specialist | Director; superintendent of recreation; programs specialist; executive secretary; senior clerk; 2 part-time maintainers; 11 part-time clerks; 63 playground staff; pool supervisor; assistant pool supervisor; 15 lifeguards | General | General |
| West Hartford | 63,268 | 10% of director, 25% of leisure services manager, 33% of admin, 10% of maint. mgr, 40% of ground maint, skating rink 2 FT staff (100%), Golf staff (5) 100%, additionally seasonal golf and rink | 85% of director, 75% of leisure services mgr, 67% of admin, 80% of maint. mgr, 60% of grounds maint., Sr. Center Mgrs. (2) 100%, Comm. Ctr. Mgr (1) 100%, Admin. 100%, Admin Comm. Ctr.(1) 100% | Revenue | Revenue |

Municipal Golf Courses in Connecticut

| Course | Town | Funding |
|-----------------------|-----------------|----------------------------------|
| Timberlin | Berlin | GF - General Fund |
| Wintonbury | Bloomfield | EF - Enterprise Fund |
| Fairchild Wheeler | Bridgeport | GF - General Fund |
| Richter Park | Danbury | EF - Enterprise Fund |
| East Hartford | East Hartford | MC - Management Co. |
| Smith Richardson | Fairfield | GF - General Fund |
| Griffith Harris | Greenwich | GF - General Fund |
| Shennecosett | Groton | SR - Special Revenue Fund |
| Goodwin | Hartford | EF - Enterprise Fund |
| Keney | Hartford | EF - Enterprise Fund |
| Hunter | Meriden | EF - Enterprise Fund |
| Stanley | New Britain | EF - Enterprise Fund |
| Alling Memorial | New Haven | EF - Enterprise Fund |
| Oak Hills | Norwalk | EF - Enterprise Fund |
| Norwich | Norwich | GF - General Fund |
| Ridgefield | Ridgefield | GF - General Fund |
| Simsbury Farms | Simsbury | SR - Special Revenue Fund |
| Brennan | Stamford | EF - Enterprise Fund |
| Sterling Farms | Stamford | EF - Enterprise Fund |
| Tashua Knolls | Trumbull | GF - General Fund |
| East Mountain | Waterbury | EF - Enterprise Fund |
| Western Hills | Waterbury | GF - General Fund |
| Crestbrook | Watertown | SR - Special Revenue Fund |
| Rockledge | West Hartford | EF - Enterprise Fund |

FUNDING: EF - Enterprise Fund
 SR - Special Revenue Fund
 GF - General Fund
 MC - Management Co.

198 Golf Courses in CT

87 Public Courses in CT



Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

To: Parks and Recreation Special Revenue Fund Work Group
From: Amy Meriwether, Finance Director
CC: Maria Capriola, Town Manager; Melissa Appleby, Deputy Town Manager; Tom Tyburski, Culture, Parks & Recreation Director
Date: September 28, 2020
Re: Recording Golf Course Activity in an Enterprise Fund

Based on a survey conducted by Gerry Wetjen, Culture, Parks & Recreation Commission member, golf course activity is accounted for in various ways amongst CT municipalities. Activity is recorded via the General Fund, a Special Revenue Fund or an Enterprise Fund. Of the 20 towns surveyed, that do not utilize a management company, 9 municipalities utilize an Enterprise Fund to account for Golf Course activity. Below is a breakdown of the survey data:

General Fund Reporting – Berlin, Bridgeport, Fairfield, Greenwich, Norwich, Ridgefield, Trumbull and Waterbury

Special Revenue Fund Reporting – Simsbury, Groton and Watertown

Enterprise Fund Reporting – Bloomfield, Danbury, Hartford, Meriden, New Britain, Norwalk, Stamford, Waterbury and West Hartford

As noted above, Simsbury currently utilizes a Special Revenue Fund to record golf course activity. A special revenue fund is used to account for the proceeds of specific revenue sources (other than capital project and long-term debt) that are intended for specific purposes.

An Enterprise Fund is a self-supporting fund. It is treated like its own business separate from the rest of the Town. This fund would maintain not only the operating activity of the golf course but the capital and debt as well.

One of the reasons the Town of Simsbury does not currently utilize an Enterprise Fund is because it would be very difficult for the golf course to sustain itself paying annual operating expenditures, smaller capital purchases and larger capital needs such as an irrigation system, major clubhouse renovations, permanent outing structure, etc.

On September 28, 2020 I reached out to towns that utilize an Enterprise Fund inquiring how they are able to sustain itself funding maintenance and capital needs in addition to the annual operating expenditures. To date, I have only received two responses recorded below:

Meriden bonded capital improvements in the golf fund, but they subsequently could not afford the debt service so they had to transfer the bonds back to the City.

Norwich currently provides most of its own capital needs; however, they have requested small amounts of capital as part of the City's annual capital budget request. The City has provided \$50K in each of the past two years. The City has also provided interest-free loans to cover operating costs over the winter months. Other projects and equipment are purchased through an interfund loan approved by the City Council that will be paid back over time with interest.

Any additional responses received will be forwarded along to the work group.